

SYSTEM, METHOD, AND COMPUTER PROGRAM PRODUCT FOR
VALUATING WEATHER-BASED FINANCIAL INSTRUMENTS

ABSTRACT OF THE DISCLOSURE

A system and method for valuating weather-based financial instruments including weather futures, options, swaps, and the like. The system includes weather forecast, weather history, and financial databases. Also included in the system is a central processing trading server that is accessible via a plurality of internal and external workstations. The workstations provide a graphical user interface for users to enter a series of inputs and receive information (i.e., output) concerning a financial instrument. The method involves collecting the series of inputs--start date, maturity date, geographic location(s), risk-free rate, and base weather condition--affecting the value of the financial instrument and applying a pricing model modified to account for weather.

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